

REPORT TO MAYOR SENG'S FACILITY TASK FORCE ARENA / CONVENTION CENTER SUBGROUP

March 2, 2006

The arena / convention center subgroup was charged with further developing the recommendations from the October 20th, 2005 report to Mayor Seng. The statements from the original Task Force included a basic recommendation that the "*Task Force considered the possibility of our community building an arena; a hotel / convention center...*" Furthermore the original Task Force determined "*the preferred location for the arena and hotel / convention center is the west Haymarket District.*"

Additional recommendations specified the following arena specific statements:

A new arena should be constructed of at least 15,000 seats with suites and club seating.

The community should explore a cooperative arrangement with UNL that would facilitate hosting UNL academic and athletic functions in the new arena. The terms of such an arrangement may have an impact on the number of seats recommended.

The new arena should be financed through partnerships that make use of multiple funding strategies.

The CSL study demonstrated that the most successful arenas are those located in close proximity to a hotel and convention center, with good retail shopping, restaurant and entertainment and opportunities nearby, and supported with convenient parking and transportation. In Lincoln, a new arena should be located in an area that has as many of these amenities as possible. West Haymarket appears to offer the greatest number of these amenities as possible.

The convention center / hotel recommendations were:

Lincoln should seek an opportunity with a developer who will build a new hotel and convention center to compliment a new arena.

The developer should play a key role in determining the size of the convention center exhibition hall, ballroom, breakout space and the number of hotel rooms.

The task force recommends the convention center feature commercial-quality exhibition space of at least 35,000 to 50,000 square feet, 35-foot-high ceilings, floor accessed utilities, multiple truck loading docks, at least 20,000 square feet of hotel-quality banquet space and enough breakout rooms to support the exhibition hall.

The right combination of amenities for a convention center may be achieved through the expansion of an existing facility or in conjunction with a new arena.

With these basic guidelines the subgroup began to pursue their work.

General Statements and Assumptions

In order to focus on the scope of issues to consider, the Task Force subcommittee developed these assumptions:

1. The Lincoln community must develop modern, appropriately scaled multi-purpose event and conference venues if it is to remain competitive in attracting local and regional events and conferences.
2. Each year sports, entertainment, cultural events, concerts, family-oriented activities, trade shows, business seminars and academic conferences attract tens of thousands of people to Lincoln. To determine an estimation of the annual impact on the community in dollars and jobs, it is recommended that a “high level” economic impact study be developed with input from the subcommittees and compiled by Eric C. Thompson from UNL’s Bureau of Business Research.
3. Pershing Center – at nearly fifty years of age – has outlived its functional usefulness as an arena and event facility. While it continues to attract a diversity of events to Lincoln, its facilities fall short of the basic standards of a contemporary multipurpose facility. Numerous events have been lost from Pershing and consequently Lincoln in recent years because of its limited size, physical condition and functional deficiencies. The Pershing management staff has not been able to consummate negotiations with many other events because of the facility’s limitations.
4. Rehabilitation of the Pershing Center into a contemporary multipurpose facility is not practical or cost effective. Additionally, construction of a new multipurpose arena on the present Pershing site is impractical because of its severe size limitations (only one city block), adjacent surface street network and other site constraints.
5. Reuse of Pershing Center for other types of non-arena functions seems highly probable. Initial research suggests that alternative uses for the physical structure could be reasonably accommodated. Reuse of this venerable structure would allow its preservation as a vital and active property in the Downtown and remain as a positive feature along Centennial Mall.
6. The arena-style event needs of the City of Lincoln can best be served by a single well-designed, multipurpose facility. Such a facility could showcase sports, concerts, trade shows, conferences and seminars for all of Lincoln and Southeast Nebraska for years to come.

7. The University of Nebraska – Lincoln (UNL) has indicated that the Bob Devaney Center is becoming less able to fully house and provide the amenities requested or required by their resident teams and expected by their patrons. The facility and athletic department staffs sometime struggle to accommodate the full complement of activities presently programmed for the facility. UNL has also indicated a long term desire to potentially upgrade and expand the Bob Devaney Center to accommodate the growing needs of the university related sport programs currently using the facility.
8. The University of Nebraska-Lincoln (UNL) would be an attractive tenant for a new multipurpose facility in Downtown Lincoln. Sports activities, conferences, graduations, seminars and other university related assemblies would be attractive events for an arena and conference space.
9. The City of Lincoln should actively pursue the development of a modern multipurpose arena and associated conference space independent of the University of Nebraska. The long-term market – and broad-based economic benefit – for a municipal facility and convention space is sufficiently strong to warrant the community's investment in such venues.
10. The development for a new arena, convention center and associated lodging and other commercial space should be aggressively pursued by the City of Lincoln along with interested parties from the private sectors.
11. Private sector and non-city funding must be an integral part of the multipurpose facility's overall financing package. Significant investment by private and non-city entities is assumed to be a key to furthering the successful development of this type of facility. The non-city funding can and should extend to related and supporting venues in the adjacent areas to the arena footprint. This investment in the facility and the adjacent spaces will help insure success.
12. Downtown Lincoln is viewed as the most logical and desirable location for a multipurpose facility and conference space. The Downtown area offers the greatest potential for sustained economic return by spawning additional and ancillary / supporting construction and employment opportunities.
13. Within Downtown Lincoln, the Haymarket West area is the most viable site for the development of a multipurpose arena, convention center, hotel and allied facilities.
14. Any Haymarket West redevelopment project involving an arena, convention center, hotel space, and allied facilities must endeavor to minimize any possible negative impacts on the viability and character of the Historic Haymarket District. This includes vehicular traffic, pedestrian access and movement, parking (i.e.,

surface and structured), building scale and massing, exterior structural materials, aesthetic design and functional relationships.

15. The United States Postal Service (USPS) facility in the Haymarket is an important employer for the greater Lincoln community. The operational efficiency of the present USPS facility may benefit from relocation to an appropriate sited location within the corporate limits of Lincoln. Should such relocation occur, all reasonable efforts should be undertaken by local public and private entities to retain this facility in Lincoln.
16. The Burlington Northern Santa Fe (BNSF) Railway has expressed an interest in consolidating their trackage presently operating within the Haymarket West area. This trackage consolidation would enhance BNSF rail operations through the Haymarket West area and allow for the potential reuse of existing rail property for non-railroad activities.
17. While the area exhibits various flood prone and wetland conditions, a very preliminary review of the Haymarket West suggests that floodplain and wetland issues can be sufficiently addressed to allow for redevelopment to occur under certain conditions. Additional research is needed before this conclusion can be fully assumed.

Arena – (UNL Connection?)

A key issue for discussion about a potential arena is the relationship that might or might not be developed with UNL. Initially the thought process was that it was imperative that UNL would need to be a full time or resident tenant of the arena. The initial concern was that only with a major university's men's basketball program as part of the facilities event mix would the building be successful. The reality of Lincoln, Nebraska's situation is this; UNL is not presently looking to leave the Devaney Center. UNL officials will admit that the aging infrastructure, limited number and overall size of the locker rooms, a complete lack of suites, limited training facilities, lack of matching men's and women's sports locker rooms, a high demand for multi-sport practice time and similar issues makes the Devaney Center a less than state of the art facility. But many of these issues or concerns have been addressed as part of UNL's new North Stadium Expansion project. That new facility attached to Memorial Stadium will overall raise the level of a large portion of UNL's athletic facilities to a high and competitive level. There simply is not an immediate need on UNL's part to commit dollars or an entire program to "anchor" a new City of Lincoln facility.

The overall purpose of the arena project discussion was to replace the aging Pershing Center so programming for the community could expand. Asking for a UNL tie-in or waiting until UNL develops a need for a new facility is not a sound strategy. Locking in the UNL program means a new arena would essentially be dedicated to UNL athletics for the vast majority of the time. If the City of Lincoln and UNL were to enter into serious

discussions about “sharing an arena” several key issues would create difficult negotiations. The questions that would be most difficult to resolve would include:

Who would control the availability of dates? The representatives that the City of Lincoln would place in charge of operating the facility for the citizens of Lincoln and Southeast Nebraska would try to secure available dates to book concerts, family shows, consumer shows and trade shows. The City’s representatives would want to do rodeo and Sesame Street, Circuses and religious conferences. The UNL athletic department officials would rightly demand weekend games dates, practice everyday, no disruptions of their practice schedule and a building designed for mainly basketball. The basketball season directly overlaps the busiest season for arenas.

Who would receive the Food & Beverage revenue from a university event? Now in their own facility, UNL enjoys total control and retention of all of their revenue streams including Food & Beverage sales and advertising sponsor revenue. Splitting those revenue streams in order to reach a negotiated middle ground prior to construction of a new facility will be a difficult if not impossible process.

Who would receive naming right revenues and who would control the suites and suite revenues? Again, you would be blending two entities that traditionally have retained all of their revenue streams and asking both sides to give back significant amount of revenue.

Would the building be able to have a liquor license? Would UNL ever agree to be a partner in a venture that would surely seek the ability to serve alcohol to its patrons in appropriate circumstances?

It is a recommendation that the arena be constructed to be a flexible structure, able to handle basketball games, hockey games, rodeo’s, motor sports, concerts, trade shows and consumer shows. UNL should certainly be a part of the ultimate design if the citizens approve of the venture but the facility should not be the single end user. A better model is the relationship that the Qwest Center has with UNL and other institutions of higher learning and big athletic programs. The Qwest example serves the City of Omaha while treating UNL and Creighton and other local college entities as important potential clients.

So if UNL is not assumed to be a prime tenant, what is left to determine the size of the facility? It is not proper to look at the main competition and see if you can compete? A new facility in Lincoln would definitely compete with the Qwest Center in Omaha. In order to “win” a sufficient amount of times against such a formidable competitor, the size of the facility still needs to be 15,000 plus seats. Perhaps a better benchmark could be a goal of providing approximately 15,000 seats for a concert set with patron seating with a viewing range of 270 degrees.

A serious consideration at the time of the design session will be should the arena be constructed with some seats “behind the stage” left out for a future expansion.

Additional Important Arena Design Elements

Two tiered seating meaning a lower bowl and an upper bowl above the suite level.

The arena should have a large main floor area of at least 30,000 feet when all of the portable bleachers are retracted.

The arena should be built with a main arena ice floor

A series of suites should be constructed on both main “sides” of the arena

Dual matching dressing room spaces should be created. The result will allow at some point a men’s and women’s team to have matching facilities and comply with Title IX directives.

The ability to do a black out in the arena regardless of the time of day

Large, easily accessed semi truck loading / unloading area to speed the load in and load out process

Arena Design Examples

Three examples of arena designs were chosen to provide some direction for the Design Sessions. The three designs highlighted in this report are the Kohl Center in Madison, Wisconsin, a part of the University of Wisconsin. The Kohl Center opened in 1998. The Ford Center in Oklahoma City, a new arena that completed construction in June of 2002. An a third design from UNL Student Greg Brown. Greg is a sixth year architecture student at UNL. He expects to earn his Masters Degree in May. He recently began his terminal design project. The focus of his project is a new multipurpose arena located on the site identified by the recently developed Downtown Master Plan.

The Ford Center is a true multipurpose arena. It was built a part of Oklahoma City’s MAPS project. MAPS (Metropolitan Area Projects), a visionary capital improvement program for new and upgraded sports, recreation, entertainment, cultural and convention facilities. The Ford Center is home to the Oklahoma Blazers of the CHL Hockey league and the Oklahoma Yard Dawgz, an AFL2 indoor football team.

The Kohl Center was constructed for and is the home of University of Wisconsin’s Men’s and Women’s basketball and hockey teams. Areas specific to the UW program were designed by coaches and athletic officials to enhance the student athletes experience and training. The Kohl Center’s practice facility, the co located Nicholas-

Johnson Pavilion houses three full sized basketball courts for practice sessions and pre-game booster club functions.

The Greg Brown design assumes UNL Men's basketball as the key tenant and the design maximizes the basketball experience. Greg has designed an adjacent practice facility within the confines of the arena footprint.

The following maps and facility descriptions correlate to the Ford Center and the Kohl Center. Greg Brown's material is still in process and it is not currently available for this presentation of material.

Alternate Sites Considered

The Arena / Convention Center sub group will continue to score and rank at least nine potential locations. The site selection criteria are intended to provide a systematic foundation for formulating recommendations to provide to Mayor Seng concerning an arena that can accommodate the event needs of a growing community.

The criteria will be applied to least nine (9) separate sites located across the Lincoln area. The sites range in size from several traditional city-blocks to larger tracts of land encompassing several hundred acres. The sites were drawn from previous research into promising arena sites, as well as a community dialogue regarding the future of other existing event venues.

The site selection criteria encompass a total of 50 separate indicators divided into the follow five major categories:

- ~ Site/Location
- ~ Transportation
- ~ Land Development and Utility Infrastructure
- ~ Environmental
- ~ Economic Development and Financing

A listing of the indicators follows later in this document. The primary "Use Categories" assumed by the site selection criteria include:

Use Categories	Intended Potential Uses
Primary Use	Multi-purpose arena

Ancillary Uses	Event facility parking (surface & structured); event facility materials storage; vehicle circulation supporting arena operations
Secondary Uses	Convention and/or conference center; hotel/lodging; restaurants and drinking establishments; retailing; office; residential; public and semi-public
Tertiary Uses	Adjunct sport venues (e.g., play grounds, athletic fields, play courts, trails); parks; open space; habitat

Proposed Site Selection Criteria

A. Site/Location

- B. Size and Configuration – Ability to Accommodate Primary Use
- C. Size and Configuration – Ability to Accommodate Potential Expansion
- D. Size and Configuration – Ability to Accommodate Ancillary Uses
- E. Size and Configuration – Ability to Accommodate Secondary Uses
- F. Size and Configuration – Ability to Accommodate Tertiary Uses
- G. Site Acquisition – Land Ownership and Assembly
- H. Site Acquisition – Land Cost
- I. Site Acquisition – Timing/Phasing
- J. Site Preparation Considerations
- K. Developmental Context - Ambient Synergy

L. Transportation

- M. Street Network – Access to Regional Transportation System
- N. Street Network – Surrounding Urban Street System (Circulation))
- O. Street Network – Needed Traffic Improvements
- P. Street Network – Street Closures
- Q. Street Network – Truck and Bus Access
- R. Parking – Existing Parking Available to Serve Facility
- S. Parking – Ability to Accommodate Additional Surface Parking
- T. Parking – Ability to Accommodate Additional Structured Parking
- U. Parking – Potential for Shared Parking
- V. Pedestrian Access Opportunities

W. Land Development and Utility Infrastructure

- X. Zoning and Administrative Regulations
- Y. Management Districts/Zones – Airport & Capitol View
- Z. Relocation of Existing Businesses and Uses
- AA. Integration of Existing Businesses and Uses
- BB. Water
- CC. Sanitary Sewer
- DD. Storm water
- EE. Electrical
- FF. Communications
- GG. Utility Easements

HH. Environmental

- II. Floodway
- JJ. Flood prone
- KK. Wetlands fresh
- LL. Wetlands saline
- MM. Ground Contamination
- NN. Ground Water Levels
- OO. Historical/Archeological/Cultural Considerations
- PP. Topology (Terrain)
- QQ. Soil Suitability
- RR. Greenfield Opportunities

SS. Economic Development and Financing

- TT. Benefit to Lodging Establishments
- UU. Benefit to Eating and Drinking Establishments
- VV. Benefit to Retailing and Other Commercial Uses
- WW. Benefit to University of Nebraska-Lincoln City Campus
- XX. Proximity to Lincoln and Regional Area Market
- YY. Potential as Signature Landmark for Community
- ZZ. Funding Eligibility: Grant Programs
- AAA. Funding Eligibility: District Funding Potential
- BBB. Funding Eligibility: Tax Increment Financing
- CCC. Funding Eligibility: Attractiveness for Private Funding

Convention Center

The Arena Convention Center subgroup held two separate sessions with the Cornhusker / Marriott Hotels and Resorts owner and senior staff and the General Manager of the Lincoln Embassy Suites.

Both entities were given some background as to the basic considerations extant in the Facility Task Force process. They then saw a large 3-D relief map created by Greg Brown showing the basic area in West Haymarket that the Downtown Master Plan projects the arena and convention center may be sited.

At this point the hotel property representatives were asked what they would envision for a convention center / hotel in Lincoln. Would they site a property in West Haymarket, how many rooms should a full service convention center have and how large of a convention center should be constructed for Lincoln?

The responses were interesting. One of the respondents suggested a convention center of 80,000 square feet. They felt that there was enough demand for that large of a convention facility in Lincoln. The other respondent was more focused on a facility about 60,000 square feet. Both respondents felt the anchor hotel should be about 300 to 350 rooms. One respondent raised the concern that the area designated for the hotel on the relief map was too close to the railroad tracks. They felt that a four star hotel could not be that close to the major rail traffic that would be using the consolidated BNSF tracks. They feared vibration from the tracks would disturb guests. They speculated that if there could ultimately be 500' of separation from the tracks then the hotel might not experience vibration and noise issues.

Both respondents felt that Lincoln did need a convention and large banquet space. Both groups could identify lost business as a result of a lack of adequate convention space.

There was some ambivalence about the effect a fourth full service hotel would have on the other properties in Lincoln. Initially we would see just a shifting of the patrons from existing hotels to the new hotel. But once the convention center was completed and it began to generate regional business both felt that the additional downtown four-star capacity would be needed.

Internally the Arena / Convention Center subgroup has raised the question of whether or not all four current full service hotels would survive if a new hotel was located in the Haymarket. There is a growing concern that one of the weaker properties might lose enough market share as to be unable to continue operations.

One of the hoteliers indicated that their property was having a very slow fall and winter. Their response was not one of fear and rejection of a potential new

property. Instead their response was that they felt Lincoln needed to take the steps to get a larger convention center than they currently have to draw new business that would help all of the properties raise their individual occupancy rates.

There are clearly at least two potential options for potential locations for new convention center. The CSL study suggested the City of Lincoln secure the property just east of the Cornhusker Hotel, build a 30,000 to 35,000 square foot convention center on part of that block east of the Cornhusker Marriott. CSL further suggests that the operation, including profits and losses be turned over to the Cornhusker. The idea was that the Burnham Yates Center could be leveraged and brought together with this new facility, connected to the Cornhusker via a skywalk and that for the foreseeable future, this smaller center would service the perceived convention needs of the City.

The other option is to site the arena and co locate a convention center and hotel just south of a potential arena location in West Haymarket. This location potentially can provide room for a larger convention center / ballroom with some potential room for expansion.

Both options have some merit. A key change in the CSL approach would be to approach the process of granting the permission to build a new convention center to a developer who will build it on his or her own. The City would have to cooperate and probably assemble the land parcel but it appears there may be enough interest from developers to find an entity that would build and operate this venture without a massive City participation. Part of the design exercise should cover both scenarios.

I have included a very recent Price Waterhouse Coopers convention center survey. It has some good information for Convention Center sizes of less than 100,000 square feet. An additional designation is destination types of facilities. If Lincoln were to build a facility, we would be a Regional Destination Type. The report shows that small and mid sized convention centers showed increases in occupancy rates of seven to nine percentage points (Page 5).

A convention center for Lincoln will cause more angst among the populace than an arena. The difficult concept to understand about a convention center is that a convention center facility is an economic engine, not a receptacle for gathering the revenue from the attendees. Most of the attendees spending occur outside of the convention center halls. The hotels, restaurants, retail shops and rental car outlets are the entities that ultimately see increased revenue from the convention. With the press reports that Omaha's Qwest Center convention center is struggling, many residents and community activists may not understand that the facility itself does not reap the economic benefit, rather the community as a whole feels and registers the desired economic impact from the convention center.

Ongoing Efforts from the Sub Group

Arena and Convention Center sub group will continue to meet to define the parameters for the suggested new arena. It will continue to dialog with local leaders to determine what information they will require. Two on site visits of sample arenas are planned to occur prior to the Design Sessions. The Sub Group will continue to feed economic and population data to the Finance Sub Group as the Finance Sub group works to build some economic models.

After the design session, a clearer picture of the gross construction costs associated with the arena and convention center will start to emerge.

SMG is sending financial data from two arenas of similar size to the one tentatively proposed so the finance group can project some operating costs.

Parking issues will be examined and refined.

Informal discussions with UNL will continue.

Respectfully Submitted,

Thomas Lorenz
Chairman of the Arena / Convention Center Sub Group